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Mr. Ryan, Pol. Sec.  
To: [redacted]  
From: [redacted]  
(Do not, not pass)

SECRET

FILE

CONFIDENTIAL

January 2, 1950

Memorandum for the File:

Subject: Conversation with Billy SCHLICHTER

On 12/29/49, one of the staff of the Journal, a Jewish Episcopian, January 4, 1950, and I had a conversation with him that afternoon. The following points were discussed:

1. Schlichter is of the opinion that the steel processing industry has reached a point of expansion not only in the United States but also in Germany. He believes that the steel industry in Germany is currently producing more steel than it can absorb. He believes that the steel industry in Germany is currently producing more steel than it can absorb. He believes that the steel industry in Germany is currently producing more steel than it can absorb.

2. The German Government has created a collect market and has made by the processing industry, a large part of the steel industry in Germany has increased with a large increase in the steel industry.

3. The result of this policy has been to create a situation in which the ratio between the basic steel processing industries and for the first time Germany has a surplus of steel.

4. When the Federal Government in August of 1949, or over the price of steel, Federal Economics Minister, the Chancellor that within a fairly short time, if the market could stabilize and the price of steel in the natural operations of the market, would fall. Because of the situation of the processing plant this did not and has not occurred. With the ship builders opposed to the Chancellor and protested that the price of steel, particularly heavy ship plate, was too high, Erhard was called on the carpet and asked to produce.

Schlichter describes the relationship of Erhard to the Chancellor as one of a nervous corporal to an old, tough and overbearing top-sir. He said that when he was in Erhard's office a short time ago and a call came for the Chancellor to attend a meeting, Erhard broke into a cold sweat and it was no longer possible to discuss matters with him because his entire attention became immediately devoted to trying to find out what the Chancellor wanted in an attempt to get himself briefed before he was called before the presence. In any case Erhard's recent prediction that the price of steel would fall in the near future was not based on economic reasoning but mere attempts to prove himself right. The predictions have not had a significant effect on the price of steel because costs are still high but have resulted in a decided falling off in sales.

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